

Ashford Seeks to Become a Nonprofit

Ashford University is the latest big for-profit bidding to become nonprofit. The university's owner, Bridgepoint Education, will seek to become an online program management company.

By [Paul Fain](#) // March 13, 2018

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Another large for-profit university is seeking to become a nonprofit.

Bridgepoint Education today will announce a planned merger of its University of the Rockies with the larger Ashford University, an official with the company said. And Ashford, as the merged universities, will seek to convert into a nonprofit.

"They will be able to focus on what they do best, which is academics," said Vickie Schray, Bridgepoint's executive vice president of regulatory affairs and public policy.

The conversion and merger will require approval from state and federal regulators as well as the WASC Senior College and University Commission, which is Ashford's regional accreditor.

Bridgepoint will continue on as an online program management (OPM) provider -- a [booming space](#) (<https://www.insidehighered.com/news/2015/09/11/online-program-management-providers-now-billion-dollar-industry-look-ahead>) in higher education. The company will negotiate with Ashford to enter into a shared services agreement, with Bridgepoint likely handling data management, course management software and services, technology, and financial aid processing for the nonprofit university.

"As an OPM, Bridgepoint Education will bring years of technological and academic innovation and intellectual property development to other colleges and universities that desire to serve students through online education programs," Schray said in a written statement.

Ashford will be independent from Bridgepoint, the company said. The university's current Board of Trustees does not include any officers from Bridgepoint, which will release more details about the plan today.

If approved by regulators, the contract between Bridgepoint and the new Ashford will in some ways resemble other [major for-profit conversions](#) (<https://www.insidehighered.com/news/2018/03/02/accreditors-decision-grand-canyons-nonprofit-bid-coming-soon>) or [acquisitions](#) (<https://www.insidehighered.com/news/2018/03/07/accreditor-backs-purdue-university-global-more-profits-seek-convert-or-sell>), including Grand Canyon University's ongoing attempt to become a nonprofit and the

profit owners to escape federal regulations, which tend to be tighter on for-profits, while still reaping personal benefits from owning the colleges.

Bridgepoint said Ashford will be more independent from its former corporate owner than is the case for some other former for-profits. The company, which has been working on its conversion bid for two years, will remain publicly traded and plans to offer its program management services to other universities as well as Ashford.

The university's regional accreditor has scheduled a site visit for April and may decide on the proposed changes as soon as June. The U.S. Department of Education, the Internal Revenue Service and regulators in California, Colorado and other states also will need to approve the merger and conversion.

If successful, Ashford will leave just a handful of remaining large, degree-issuing for-profits.

The industry has struggled with years of severe declines in revenue and enrollments. Its problems were compounded by the Obama administration's regulatory crackdown as well as by a related marketing hit to for-profit higher education. Two of the sector's biggest players -- Corinthian Colleges and ITT Technical Institute -- collapsed in recent years, while other big for-profits merged, went private or concentrated more on offerings in other countries.

History Repeats

Bridgepoint said the conversion bid for Ashford will bring the university back to its nonprofit roots.

Ashford has had an eventful 13 years since [Bridgepoint in 2005 bought](https://www.insidehighered.com/news/2015/07/15/ashford-us-closure-and-what-it-says-about-profit-higher-ed) [\(https://www.insidehighered.com/news/2015/07/15/ashford-us-closure-and-what-it-says-about-profit-higher-ed\)](https://www.insidehighered.com/news/2015/07/15/ashford-us-closure-and-what-it-says-about-profit-higher-ed) the Franciscan University of the Prairies, a religious college in Iowa that was on the verge of closure. Ashford grew rapidly after Bridgepoint's purchase, eventually peaking at more than 90,000 students. But the sale also drew plenty of criticism, most notably from Democrats in the U.S. Senate, for having included the former religious college's regional accreditation as part of the purchase. The debate over Ashford's [accreditation and physical location](https://www.insidehighered.com/news/2016/08/25/iowa-regulator-agreed-ashford-universitys-complaint-about-meddling-federal-and) [\(https://www.insidehighered.com/news/2016/08/25/iowa-regulator-agreed-ashford-universitys-complaint-about-meddling-federal-and\)](https://www.insidehighered.com/news/2016/08/25/iowa-regulator-agreed-ashford-universitys-complaint-about-meddling-federal-and) continues [\(https://www.insidehighered.com/quicktakes/2017/07/27/ashford-university-notches-win-gi-bill-dispute\)](https://www.insidehighered.com/quicktakes/2017/07/27/ashford-university-notches-win-gi-bill-dispute), and outlasted the Iowa campus, which was shut down in 2015.

The combined enrollment of Ashford and the smaller University of the Rockies was roughly 41,000 at the end of last year. Doctoral programs offered by the University of the Rockies will become a new, yet-to-be-named doctoral college within Ashford, Bridgepoint said, while its master's programs will be integrated into Ashford's existing colleges.

"As the higher education environment continues its rapid evolution, Ashford University believes this transformation will enable us to serve students even more effectively as they pursue their academic aspirations," he said in a written statement. "We also believe that the synergies arising from the merger of Ashford University and University of the Rockies will allow us to make an even greater contribution to the public good."

Read more by [Paul Fain](#)

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California sues for-profit Ashford University, accusing the online school of ripping off students



By ANNA M. PHILLIPS
NOV 29, 2017 | 3:20 PM



California Atty. Gen. Xavier Becerra announced that California is suing for-profit Ashford University. (Rich Pedroncelli / Associated Press)

As the Trump administration backs away from Obama-era efforts to crack down on for-profit colleges, California is taking a step into the regulatory void.

On Wednesday, California Atty. Gen. Xavier Becerra announced at a news conference in San Francisco that the state is suing for-profit Ashford University and its parent company, Bridgepoint Education. The state has accused the online-only school of misleading students about its tuition costs, burying them in student loan debt and offering little of value in return.

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Ashford has an enrollment of about 43,000 students, according to the Chronicle of Higher Education, which published an investigation of the university earlier this month. It called the school "a poster child for the ills of the for-profit college sector."

Becerra described Ashford as a "nightmare" for students. It is "an institution that professed to provide higher

education but was making a ton of money instead," he said.

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Although Bridgepoint Education is based in San Diego, Ashford enrolled students across the U.S. According to the Chronicle, Bridgepoint is also under investigation by attorneys general in New York and North Carolina.

Speaking on the campus of San Francisco State University, Becerra noted that unlike the brick-and-

mortar state school, Ashford University doesn't have libraries, laboratories or classrooms. And yet, he said, it charges students considerably more — about \$60,390, according to the lawsuit, for an online bachelor's degree.

Most of its students do not graduate and those who do often emerge saddled with debt and unable to find employment in the field related to their degree, according to the lawsuit. Becerra said the median student loan debt of an Ashford graduate is \$34,000.

Anna Davison, Bridgepoint's vice president of corporate communications and investor relations, said the company will "vigorously defend this case."

"Bridgepoint's institutions serve as a model for how online education can better the lives of people who did not, or who were unable to, pursue more traditional avenues to degrees," Davison said in a statement.

California's lawsuit alleges that Ashford turned its admissions office into a sales department with a "boiler room" culture. It required employees to hit enrollment quotas. To do so, admissions counselors often either told applicants that federal financial aid would cover all of their expenses or promised them they would receive more aid than they had a right to expect.

The university targeted low-income students, minorities, and students who were the first in their families to go to college, according to the lawsuit. Recruiting veterans was also central to the university's strategy. Students who get tuition assistance from the GI Bill and other military

programs make up about a quarter of its enrollment, the Chronicle said.

According to the lawsuit, the vast majority of Ashford's earnings come from federally subsidized student loans and grants. As the university grew exponentially — with its enrollment swelling to more than 80,000 students in 2011 — Bridgepoint Education's revenue climbed. The company made \$968 million in 2012.

California's lawsuit also alleges that Bridgepoint lied to investors and in its securities filings by inflating its success preparing its graduates for jobs. The state is seeking restitution for students and civil penalties, as well as a permanent injunction barring Ashford from "similar activities in the future."

Becerra encouraged former Ashford students and college students who believe they may have experienced similar treatment by other for-profit universities to file a complaint with his office at (800) 952-5225 or oag.ca.gov/report.

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